

1968

ANNUAL REPORT

OF

The Belt Railway Company

of **CHICAGO**

FOR THE

YEAR ENDED DECEMBER 31, 1968

BOARDS

MRb

652.0973

B419a

General Offices
6900 South Central Avenue
Chicago, Illinois 60638

ORGANIZATION
DIRECTORS

J. C. DAVIS, The Atchison, Topeka and Santa Fe Railway Co. . . . Chicago, Ill.
C. V. COWAN, The Chesapeake and Ohio Railway Co. . . . Baltimore, Md.
D. L. MANION, Chicago & Eastern Illinois Railroad Co. . . . Chicago, Ill.
W. N. ERNZEN, Chicago, Burlington & Quincy Railroad Co. . . . Chicago, Ill.
W. J. DIXON, Chicago, Rock Island and Pacific Railroad Co. . . . Chicago, Ill.
G. W. MAXWELL, Erie Lackawanna Railway. . . . Cleveland, O.
J. W. DEMCOE, Grand Trunk Western Railroad Co. . . . Detroit, Mich.
O. H. ZIMMERMAN, Illinois Central Railroad Co. . . . Chicago, Ill.
*H. J. BUCHMAN, Monon Railroad . . . New York, N. Y.
W. S. CLEMENT, Norfolk and Western Railway Co. . . . St. Louis, Mo.
H. C. KOHOUT, Penn Central Company. . . . Chicago, Ill.
J. D. BOND, Soo Line Railroad Co. . . . Minneapolis, Minn.

*Deceased April 1, 1969

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EXECUTIVE COMMITTEE

W. N. Ernzen, Chairman

J. D. Bond
W. J. Dixon

H. C. Kohout
O. H. Zimmerman

OFFICERS

President and General Manager L. A. EVANS
Vice-President and Assistant General Manager. . . . D. R. TURNER
**Vice-President and Auditor. . . . C. L. HOLT
Secretary and Treasurer J. R. EKHOLOM
General Counsel R. F. KOPROSKE
Assistant Secretary and Assistant Treasurer J. CHESTER

**Retired. Succeeded by W. J. Cassidy, Auditor, March 1, 1969.

ANNUAL MEETING
SECOND TUESDAY IN MAY

GENERAL REMARKS

Chicago, May 13, 1969

To the Stockholders of
The Belt Railway Company of Chicago

The Board of Directors herewith submits its report of operations for the year ended December 31, 1968.

OPERATING REVENUES:

Total operating revenues for the year were \$10,185,696 compared with \$15,315,644 in 1967, a decrease of \$5,129,948, or 33.4 per cent. Total intermediate cars and local loaded cars handled in Belt Separate Operation comprise the principal source of operating revenue. Intermediate cars handled decreased 153,799, or 33.9 per cent; local loaded cars handled decreased 109,704, or 40.7 per cent; however, the average revenue per local loaded car handled increased \$3.53, or 10.3 per cent. Direct deliveries by owner lines and other connections increased 86,291 cars, or 12.3 per cent. Cars handled in Belt Separate Operation and operating revenues were adversely affected by strike of switchmen, represented by the Brotherhood of Railroad Trainmen, during a 101 day period, July 29 to November 7.

Demurrage charges assessed various industries decreased \$152,442, or 18.8 per cent.

OPERATING EXPENSES:

Total gross operating expenses in 1968 were \$11,097,377 compared with \$13,584,913 in 1967, a decrease of \$2,487,536, or 18.3 per cent, principally resulting from stoppage of Belt operation during the 101 day strike period; higher wage rates amounted to \$372,803. Operating ratio of 88.96 compares with 72.84 in 1967.

MAINTENANCE OF WAY AND STRUCTURES:

Gross Maintenance of Way and Structures expense decreased \$399,439, or 17.2 per cent; that portion chargeable to Belt Railway Separate Operation decreased \$298,432, or 17.9 per cent, principally resulting from stoppage of Belt operation during the 101 day strike period. Higher wage rates amounted to \$70,997. Operating ratio of 13.44 compares with 10.89 in 1967.

Rail replacements in 1968 were 269 gross tons of new and 714 gross tons of secondhand rail, compared with renewal of 446 gross tons of new and 1,173 gross tons of secondhand rail in 1967.

There were 7,640 crossties, 91,916 feet B.M. switch ties, and 608 bridge ties installed during the year, compared with

7,992 crossties, 105,200 feet B.M. switch ties, and 707 bridge ties placed in 1967.

MAINTENANCE OF EQUIPMENT:

Gross Maintenance of Equipment expense decreased \$194,982, or 12.5 per cent; that portion chargeable to Belt Railway Separate Operation decreased \$151,097, or 11.0 per cent, principally resulting from stoppage of Belt operation during the 101 day strike period. Higher wage rates amounted to \$101,410. Operating ratio of 12.01 compares with 8.97 in 1967.

TRANSPORTATION:

Gross Transportation expense decreased \$1,825,755, or 21.2 per cent; that portion chargeable to Belt Railway Separate Operation decreased \$1,590,444, or 21.9 per cent, principally resulting from stoppage of Belt operation during the 101 day strike period. Higher wage rates increased Transportation expense \$171,185. Operating ratio of 55.72 compares with 47.44 in 1967.

GENERAL:

Gross General expense decreased \$71,813 or 6.6 per cent; that portion chargeable to Belt Railway Separate Operation decreased \$58,461, or 6.9 per cent, principally resulting from stoppage of Belt operation during the 101 day strike period. Higher wage rates amounted to \$29,211. Operating ratio of 7.70 compares with 5.50 in 1967.

RAILWAY TAX ACCRUALS:

Decrease of \$224,618 is due principally to decrease in Railroad Retirement tax due to employees on strike.

JOINT FACILITY RENT INCOME:

Increase of \$1,134,987 is due to decrease in Belt Railway Company net related terminal income applied to reduce owner lines' working expenses and Belt Separate Operation loss apportioned owner lines, less decrease in owner lines' proportion of rentals, taxes, etc.

HIRE OF FREIGHT CARS:

Decrease of \$320,790 is due principally to decline in cars handled as a result of the 101 day strike.

WAGE AND LABOR DEVELOPMENTS:

National Issues

Agreements were made on the following dates covering wages: January 5, 1968 granting dispatchers a 4.3 per cent increase effective January 1, 1968; September 24, 1968 granting dispatchers increases of 5 per cent July 1, 1968, 2 per cent January 1, 1969, and 3 per cent July 1, 1969; May 17, 1968 granting Maintenance of Way employees increases of 3.5 per cent July 1, 1968, 2 per cent January 1, 1969, and 3 per cent July 1, 1969; July 17, 1968 granting yard service employees increases of 2.5 per cent January 1, 1968, 3.5 per cent July 1, 1968, 2 per cent January 1, 1969, and 3 per cent July 1, 1969; June 24, 1968 granting Transportation Communication employees increases of 3.5 per cent July 1, 1968, 2 per cent January 1, 1969, and 3 per cent July 1, 1969. In addition, each of these agreements included liberalization of the vacation and holiday pay provisions.

Local Issues

On February 28, 1968 a wage settlement was made with the Railway Patrolmen's International Union providing for the pattern increases January 1 and July 1, 1968, and 1969. This agreement updated the vacation agreement for patrolmen, provided for compulsory retirement at age 65, and starting pay.

Mediation on the crew size dispute with the trainmen was in progress during the first half of the year preceding the strike on July 29, 1968. After appointment of a Presidential Emergency Board and rendition of its recommendations on November 6, 1968, the strike was terminated on November 7, 1968. Negotiations continued throughout the year following the Emergency Board's report. Agreement with the United Transportation Union disposing of this issue was signed on April 4, 1969.

DIESEL LOCOMOTIVES:

On November 14, 1967 the Board authorized the purchase of two 1500 H.P. diesel locomotives which were placed in service in April 1968, retiring three 1000 H.P. locomotives.

New radio-telephone equipment was applied to seven locomotives, completing the fleet.

LAKE CALUMET PORT AND INDUSTRIAL DEVELOPMENT:

On July 19, 1968 the Interstate Commerce Commission entered an order granting the petitioners an extension of time in which to extend their tracks and services into the Chicago Regional Port District to July 25, 1969, one year after date of service of this order.

RAIL TO WATER TRANSFER OPERATION:

Rail to Water transfer operation commenced March 19 and ended December 21, 1968 with major interruption due to trainmen 101 day strike. In 1967 the season started March 21 and terminated December 10. Coal tonnage handled over the facility during 1968 totaled 4,622,990 compared with 8,141,497 tons in the previous year, a decrease of 3,518,507, or 43.2 per cent. Unit train coal handling of lake cargo consignments, introduced for the first time in 1964, constituted 95.4 per cent of the total coal tonnage handled during 1968.

ADDITIONS AND BETTERMENTS:

Additions and Betterments are indicated in detail on pages 10 and 11.

IMPROVEMENTS:

Three new 500 H.P. steam boilers authorized by Board action March 12, 1968, replacing coal-fired boilers, were set in Clearing Power House and installation partially completed by year end. (Delayed by Belt strike.) Will be placed in service at end of 1968-1969 heating season.

IBM 360 Model 30 Computer, authorized by Board action March 19, 1968, and secured under a lease arrangement, by year end had not been placed in position in the new addition to the General Office building, the construction of which was stopped during Belt Strike. As of April 15, 1969 the computer operation encompasses the preparation of interchange reports, various related car accounting reports, and payroll data.

BELT INDUSTRIES:

During the year twelve new industries were located and fifteen vacated, compared with eighteen located and twenty-one vacated in 1967.

Sales of additional land to Best Foods Division of Corn Products Company and Wire Sales Company were concluded for expansion of present plants. In addition, sale of land to Central Solvents and Chemicals Company was concluded for establishment of a new Belt industry.

Detailed statements of the accounts of the company will be found in the following tables.

The Board again records appreciation of the cooperation and contributions of the employees and managerial staff during the year.

Respectfully submitted by order of the Board of Directors.

L. A. EVANS
President and General Manager

INCOME STATEMENT

For the Year ended December 31, 1968, compared with the
Year ended December 31, 1967

	1968	1967	Increase or (Decrease)
RAILWAY OPERATING REVENUES:			
Intermediate switching	\$ 3,405,109	\$ 5,141,962	(\$1,736,853)
Local switching	6,053,555	9,246,743	(3,193,188)
Demurrage	657,748	810,190	(152,442)
Rents of buildings and other property.	576	977	(401)
Miscellaneous	68,708	115,772	(47,064)
Joint facility - cr.			
Total railway operating revenues	\$10,185,696	\$15,315,644	(\$5,129,948)
RAILWAY OPERATING EXPENSES:			
Maintenance of way and structures	\$ 1,369,104	\$ 1,667,536	\$ (298,432)
Maintenance of equipment	1,223,897	1,374,994	(151,097)
Traffic	9,325	5,577	3,748
Transportation-Rail line	5,676,042	7,266,486	(1,590,444)
General	783,227	841,688	(58,461)
Total railway operating expenses. (Detail pages 13-16)	\$ 9,061,595	\$11,156,281	(\$2,094,686)
Net revenue from railway operations	\$ 1,124,101	\$ 4,159,363	(\$3,035,262)
Operating ratio	88.96	72.84	16.12
RAILWAY TAX ACCRUALS:			
General property	\$ 527,038	\$ 567,936	\$ (40,898)
Federal Income	---	58,310	(58,310)
Retirement	568,707	628,602	(59,895)
Unemployment	174,016	223,909	(49,893)
Other	42,856	58,478	(15,622)
Total railway tax accruals	\$ 1,312,617	\$ 1,537,235	\$ (224,618)
Railway operating income	\$ (188,516)	\$ 2,622,128	(\$2,810,644)
RENT INCOME:			
Rent from locomotives.	\$ 30,648	\$ 34,583	\$ (3,935)
Rent from work equipment	2,326	2,386	(60)
Joint facility rent income	1,458,550	323,563	1,134,987
Total rent income	\$ 1,491,524	\$ 360,532	\$1,130,992
RENTS PAYABLE:			
Hire of freight cars-Debit balance	\$ 1,038,095	\$ 1,358,885	\$ (320,790)
Rent for locomotives	52	1	51
Rent for work equipment.	428	212	216
Joint facility rents	105,587	142,451	(36,864)
Total rents payable	\$ 1,144,162	\$ 1,501,549	\$ (357,387)
Net rents	\$ 347,362	\$(1,141,017)	\$1,488,379
Net railway operating income.	\$ 158,846	\$ 1,481,111	(\$1,322,265)

INCOME STATEMENT - CONCLUDED

For the Year ended December 31, 1968, compared with the
Year ended December 31, 1967

	1968	1967	Increase or (Decrease)
OTHER INCOME:			
Income from lease of road and equipment	\$ 33,262	\$ 40,100	\$ (6,838)
Miscellaneous rent income	216,947	222,782	(5,835)
Income from non-operating property . . .	43,858	15,972	27,886
Interest income	46,427	92,670	(46,243)
Income from sinking and other reserve funds	38,341	19,896	18,445
Miscellaneous income	272,736	63,152	209,584
Total other income	\$ 651,571	\$ 454,572	\$ 196,999
Total income	\$ 810,417	\$1,935,683	(\$1,125,266)
MISCELLANEOUS DEDUCTIONS FROM INCOME:			
Miscellaneous rents	\$ 1,645	\$ 1,346	\$ 299
Miscellaneous tax accruals	66,845	69,676	(2,831)
Miscellaneous income charges.	47,368	37,976	9,392
Total miscellaneous deductions	\$ 115,858	\$ 108,998	\$ 6,860
Income available for fixed charges. . .	\$ 694,559	\$1,826,685	(\$1,132,126)
FIXED CHARGES:			
Rent for leased roads and equipment . . .	\$ 80,167	\$ 60,692	\$ 19,475
Interest on funded debt	1,733,047	1,742,766	(9,719)
Amortization of discount on funded debt .	9,336	5,475	3,861
Total fixed charges	\$1,822,550	\$1,808,933	\$ 13,617
Income after fixed charges.	(\$1,127,991)	\$ 17,752	(\$1,145,743)
EXTRAORDINARY AND PRIOR PERIOD ITEMS:			
Extraordinary items (net)	\$1,197,991	\$1,759,635	\$ (561,644)
Federal income taxes on extraordinary & prior items	44,239	(844,734)	(888,973)
Total extraordinary & prior period items	\$1,242,230	\$ 914,901	\$ 327,329
Net income transferred to Retained Income	\$ 114,239	\$ 932,653	\$ (818,414)

RETAINED INCOME-UNAPPROPRIATED

To December 31, 1968

Credit balance at beginning of year	\$1,430,051
Additions	---
Credit balance transferred from income	114,239
Credit balance December 31, 1968	\$1,544,290

COMPARATIVE GENERAL BALANCE SHEET ASSETS

	December 31, 1968	December 31, 1967	Increase or (Decrease)
CURRENT ASSETS:			
Cash	\$ 280,430	\$ 131,353	\$ 149,077
Temporary cash investments	417	2,286,688	(2,286,271)
Special deposits	879	---	879
Traffic and car-service balances-Dr.	936,532	286,643	649,889
Miscellaneous accounts receivable.	4,094,233	871,318	3,222,915
Interest and dividends receivable.	245	228	17
Accrued accounts receivable	518,003	642,497	(124,494)
Working fund advances	1,695	1,761	(66)
Prepayments.	37,588	55,879	(18,291)
Material and supplies	585,765	641,133	(55,368)
Total current assets	\$ 6,455,787	\$ 4,917,500	\$ 1,538,287
SPECIAL FUNDS:			
Sinking funds.	\$ ---	\$ 626,714	\$ (626,714)
Capital and other reserve funds	741,154	628,274	112,880
Insurance and other funds	12,769	11,873	896
Total special funds.	\$ 753,923	\$ 1,266,861	\$ (512,938)
PROPERTIES:			
Road (See pages 10 and 11)	\$31,021,526	\$36,162,030	\$ (5,140,504)
Equipment (See pages 11 and 18).	6,797,500	7,534,193	(736,693)
Construction work in progress.	51,951	106,590	(54,639)
Improvements on leased property.	29,017	29,328	(311)
Total transportation property.	\$37,899,994	\$43,832,141	\$ (5,932,147)
Accrued depreciation - Road and equipment	(6,679,125)	(6,394,168)	284,957
Total transportation property less recorded depreciation and amortization	\$31,220,869	\$37,437,973	\$ (6,217,104)
Miscellaneous physical property.	7,125,199	1,281,252	5,843,947
Total properties less recorded depreciation and amortization.	\$38,346,068	\$38,719,225	\$ (373,157)
OTHER ASSETS AND DEFERRED CHARGES:			
Other assets	\$ 7,697	\$ 425	\$ 7,272
Unamortized discount on long term debt	93,198	102,535	(9,337)
Other deferred charges	168,212	169,566	(1,354)
Total other assets and deferred charges	\$ 269,107	\$ 272,526	\$ (3,419)
Total assets	\$45,824,885	\$45,176,112	\$ 648,773

DECEMBER 31, 1968 AND DECEMBER 31, 1967
LIABILITIES AND SHAREHOLDERS' EQUITY

	December 31, 1968	December 31, 1967	Increase or (Decrease)
CURRENT LIABILITIES:			
Audited accounts and wages payable. .	\$ 2,533,397	\$ 903,918	\$ 1,629,479
Miscellaneous accounts payable. . . .	46,997	95,861	(48,864)
Interest matured unpaid	879	---	879
Unmatured interest accrued	578,563	569,470	9,093
Accrued accounts payable.	59,836	83,693	(23,857)
Federal income taxes accrued.	---	844,734	(844,734)
Other taxes accrued	688,525	787,171	(98,646)
Other current liabilities	12,315	2,928	9,387
Total current liabilities	\$ 3,920,512	\$ 3,287,775	\$ 632,737
LONG-TERM DEBT. Due within one year equipment obligations and other debt	\$ 61,875	\$ 50,000	\$ 11,875
LONG-TERM DEBT:			
First Mortgage 4-5/8% Sinking Fund Bonds, Series A, due August 15, 1987.	\$32,771,000	\$33,525,000	\$ (754,000)
Equipment obligations	621,875	375,000	246,875
Amounts payable to affiliated companies	3,322,683	2,699,129	623,554
Total long-term debt.	\$36,715,558	\$36,599,129	\$ 116,429
OTHER LIABILITIES AND DEFERRED CREDITS:			
Other liabilities	\$ 107,707	\$ 100,469	\$ 7,238
Other deferred credits.	364,943	598,688	(233,745)
Total other liabilities and deferred credits	\$ 472,650	\$ 699,157	\$ (226,507)
SHAREHOLDERS' EQUITY:			
Capital stock issues. . \$3,120,000 Less held by or for company 240,000 (A)	\$ 2,880,000	\$ 2,880,000	\$ ---
Capital surplus:			
Paid-in surplus	230,000	230,000	---
Retained income - Unappropriated. . .	1,544,290	1,430,051	114,239
Total shareholders' equity.	\$ 4,654,290	\$ 4,540,051	\$ 114,239
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$45,824,885	\$45,176,112	\$ 648,773

(A) Owned one-twelfth each - AT&SF, C&O, C&EI, CB&Q, CRI&P, Erie Lackawanna, GTW, IC, Monon, N&W, Penn Central, Soo Line.

ROAD AND EQUIPMENT PROPERTY

	Balance December 31, 1967	1968		Balance December 31, 1968
		Additions & Betterments	Retire- ments	
ROAD				
Engineering	\$ 951,407	\$ 155	\$ 277,696	\$ 673,866
Land for transportation purposes .	6,815,365	4,193,583	83,435	10,925,513
Grading.	6,197,714	1,969	1,802,478	4,397,205
Bridges, trestles and culverts . .	2,726,906	---	808,661	1,918,245
Ties	1,448,377	2,993	422,274	1,029,096
Rails	3,570,584	13,069	1,009,369	2,574,284
Other track material	2,877,598	13,543	748,916	2,142,225
Ballast	821,849	666	233,809	588,706
Track laying and surfacing	1,444,847	4,934	414,362	1,035,419
Fences, snowsheds and signs. . . .	7,254	629	1,832	6,051
Station and office buildings . . .	1,360,617	100,374	280,473	1,180,518
Roadway buildings	98,110	6,148	28,008	76,250
Water stations	79,894	---	22,452	57,442
Fuel stations.	90,825	---	25,449	65,376
Shops and engine houses	940,601	2,282	263,195	679,688
Wharves and docks	56,850	---	16,481	40,369
Communication systems.	228,070	19,549	36,606	211,013
Signals and interlockers	2,064,700	6,023	571,051	1,499,672
Power plants	71,109	---	20,614	50,495
Power-transmission systems	154,213	---	44,592	109,621
Miscellaneous structures	93,365	---	26,481	66,884
Roadway machines	409,398	2,693	70,277	341,814
Carried forward.	\$32,509,653	\$4,368,610	\$7,208,511	\$29,669,752

ROAD AND EQUIPMENT PROPERTY - CONCLUDED

	Balance	1968		Balance
	December 31, 1967	Additions & Betterments	Retire- ments	December 31, 1968
ROAD Brought Forward	\$32,509,653	\$4,368,610	\$ 7,208,511	\$29,669,752
Roadway small tools	19,200	---	5,533	13,667
Public improvements - construction.	985,750	---	285,323	700,427
Other expenditures - Road	524	---	---	524
Shop machinery.	279,451	208	58,495	221,164
Power plant machinery	367,135	109,998	61,141	415,992
General expenditures Account 71 & 77	261,391	---	261,391	---
Interest during construction. . .	1,738,926	---	1,738,926	---
Total Road.	\$36,162,030	\$4,478,816	\$ 9,619,320	\$31,021,526
EQUIPMENT				
Other locomotives	\$ 6,955,926	\$332,671	\$ 1,015,964	\$ 6,272,633
Freight-train cars	254,714	955	11,677	243,992
Work equipment	163,756	3,036	38,329	128,463
Miscellaneous equipment	159,797	19,547	26,932	152,412
Total Equipment.	\$ 7,534,193	\$356,209	\$ 1,092,902	\$ 6,797,500
NOTE: On March 12, 1968, the Interstate Commerce Commission granted our request for a re-distribution of the purchase price of the Belt Railway properties over the capital accounts. This report reflects the redistribution.				
TOTAL	\$43,696,223	\$4,835,025	\$10,712,222	\$37,819,026

FUNDED DEBT

For the Year Ended December 31, 1968

First Mortgage Bonds issued

August 15, 1962 due August 15,

1987 Bankers Trust Company,

New York, Trustee

Total Amount authorized \$75,000,000

Total Issued August 15, 1962-\$37,250,000

4-5/8% Sinking Fund Bonds Series

"A" due August 15, 1987

For purchase of property formerly

leased from Chicago and Western

Indiana Railroad Company August 15, 1962 \$ 36,662,852

Proceeds expended for financing expenses also for

additions and betterments subsequent to August 15, 1962 587,148

Total Issued \$ 37,250,000

Less: Redeemed and cancelled 4,479,000

Total Outstanding at December 31, 1968 \$ 32,771,000

OPERATING EXPENSES

For the Year ended December 31, 1968, compared with the
Year ended December 31, 1967

	1968	1967	Increase or (Decrease)
MAINTENANCE OF WAY AND STRUCTURES:			
Superintendence	\$ 168,196	\$ 173,882	\$ (5,686)
Roadway maintenance	129,065	170,918	(41,853)
Bridges, trestles, and culverts	94,039	42,673	51,366
Ties	71,859	79,972	(8,113)
Rails	44,680	134,391	(89,711)
Other track material	77,380	73,487	3,893
Ballast	21,588	38,507	(16,919)
Track laying and surfacing	362,251	380,748	(18,497)
Fences, snowsheds, and signs	2,638	3,380	(742)
Station and office buildings	68,194	87,051	(18,857)
Roadway buildings	12,823	10,546	2,277
Water stations	1,117	1,378	(261)
Fuel stations	1,000	938	62
Shops and enginehouses	38,047	56,077	(18,030)
Communication systems	47,135	82,775	(35,640)
Signals and interlockers	290,580	339,190	(48,610)
Power plants	4,880	4,096	784
Power-transmission systems	1,725	2,663	(938)
Miscellaneous structures	5,530	9,876	(4,346)
Road property - Depreciation (Leased)	139	139	
Road property - Depreciation (Owned)	162,525	155,011	7,514
Retirements - Road	10,172	7,485	2,687
Roadway machines	17,801	23,460	(5,659)
Dismantling retired road property	16,139	2,392	13,747
Small tools and supplies	30,417	31,526	(1,109)
Removing snow, ice, and sand	58,022	206,018	(147,996)
Public improvements - Maintenance	26,529	31,111	(4,582)
Injuries to persons	16,535	17,500	(965)
Insurance	31,624	31,660	(36)
Stationery and printing	2,222	2,179	43
Employees health and welfare benefits	47,310	43,579	3,731
Right-of-way expenses			
Maintaining joint tracks, yards and other facilities - Dr.	52,821	81,580	(28,759)
Other expenses	12,555	789	11,766
Gross total	\$1,927,538	\$2,326,977	(\$399,439)
Maintaining joint tracks, yards and other facilities - Cr.	558,434	659,441	(101,007)
Net - Belt Railway - Separate operation	\$1,369,104	\$1,667,536	(\$298,432)
Ratio to operating revenues	13.44	10.89	2.55

OPERATING EXPENSES - CONTINUED

For the year ended December 31, 1968, compared with the
Year ended December 31, 1967

	1968	1967	Increase or (Decrease)
MAINTENANCE OF EQUIPMENT:			
Superintendence	\$ 66,747	\$ 70,509	\$ (3,762)
Shop machinery.	3,921	3,551	370
Power-plant machinery	15,627	14,721	906
Shop and power plant machinery - Depreciation (Owned)	13,023	12,030	993
Dismantling ret. shop & power plant machinery	---	3,366	(3,366)
Other locomotives - Repairs	513,997	634,491	(120,494)
Freight-train cars - Repairs.	274,358	301,344	(26,986)
Work equipment - Repairs.	12,223	10,333	1,890
Miscellaneous equipment - Repairs	26,970	22,847	4,123
Dismantling retired equipment (Owned)	546	1,468	(922)
Retirement-Equipment.	4,455		4,455
Equipment - Depreciation (Owned).	274,246	261,399	12,847
Injuries to persons	7,769	26,114	(18,345)
Insurance	38,594	39,252	(658)
Stationery and printing	2,209	2,839	(630)
Employees health and welfare benefits	29,491	29,570	(79)
Joint maintenance of equipment expenses - Dr.	76,374	122,942	(46,568)
Other expenses.	2,546	1,302	1,244
Gross total	\$1,363,096	\$1,558,078	(\$194,982)
Joint maintenance of equipment expenses - Cr.	139,199	183,084	(43,885)
Net - Belt Railway - Separate operation.	\$1,223,897	\$1,374,994	(\$151,097)
Ratio to operating revenues	12.01	8.97	3.04
TRAFFIC:			
Superintendence	\$ 1	\$ 1	\$ ---
Advertising	5,912	2,781	3,131
Stationery and printing	4,609	3,341	1,268
Employees health and welfare benefits	146	92	54
Gross total	\$ 10,668	\$ 6,215	\$ 4,453
Charged to Owner Line operation	1,343	638	705
Net-- Belt Railway - Separate operation.	\$ 9,325	\$ 5,577	\$ 3,748
Ratio to operating revenues	.09	.04	.05

OPERATING EXPENSES - CONTINUED

For the Year ended December 31, 1968, compared with the
Year ended December 31, 1967

	1968	1967	Increase or (Decrease)
TRANSPORTATION - RAIL LINE:			
Superintendence	\$ 309,176	\$ 303,807	\$ 5,369
Dispatching trains	78,602	87,002	(8,400)
Station employees	575,859	751,211	(175,352)
Weighing, inspection, and demurrage bureaus	4,829	4,816	13
Station supplies and expenses	27,099	34,421	(7,322)
Yardmasters and yard clerks	514,447	624,421	(109,974)
Yard conductors and brakemen	1,506,138	2,246,048	(789,910)
Yard switch and signal tenders	388,772	449,703	(60,931)
Yard enginemen	1,182,351	1,623,325	(440,974)
Yard switching fuel	227,194	303,523	(76,329)
Water for yard locomotives	3,401	2,163	1,238
Lubricants for yard locomotives	32,988	45,712	(12,724)
Other supplies for yard locomotives	25,903	32,960	(7,057)
Enginehouse expense - Yard	162,723	204,496	(41,773)
Yard supplies and expenses	556,042	669,387	(113,345)
Crossing protection	2,284	2,395	(111)
Communication system operation	32,475	28,772	3,703
Employees health and welfare benefits	241,516	254,486	(12,970)
Stationery and printing	36,274	40,601	(4,327)
Other expenses	111,396	4,345	107,051
Insurance	45,823	42,297	3,526
Clearing wrecks	46,435	73,299	(26,864)
Damage to property	22,360	22,486	(126)
Loss and damage - Freight	153,310	169,150	(15,840)
Injuries to persons	163,434	107,243	56,191
Operating joint yards and terminals - Dr.	335,975	484,492	(148,517)
Gross total	\$6,786,806	\$8,612,561	(\$1,825,755)
Operating joint yards and terminals - Cr.	1,110,764	1,346,075	(235,311)
Net - Belt Railway - Separate operation	\$5,676,042	\$7,266,486	(\$1,590,444)
Ratio to operating revenues	55.72	47.44	8.28

OPERATING EXPENSES - CONCLUDED

For the Year ended December 31, 1968, compared with the
Year ended December 31, 1967

	1968	1967	Increase or (Decrease)
GENERAL:			
Salaries and expenses of general officers	\$ 266,519	\$ 242,735	\$ 23,784
Salaries and expenses of clerks and attendants	408,916	500,264	(91,348)
General office supplies and expenses	74,771	76,498	(1,727)
Law expenses	66,060	62,871	3,189
Insurance	1,672	1,879	(207)
Employees health and welfare benefits	25,634	23,331	2,303
Pensions	75,227	74,297	930
Stationery and printing.	31,960	40,133	(8,173)
Other expenses	54,700	54,214	486
General joint facilities - Dr.	3,810	4,860	(1,050)
Gross total.	\$ 1,009,269	\$ 1,081,082	\$ (71,813)
General joint facilities - Cr.	226,042	239,394	(13,352)
Net - Belt Railway - Separate operation	\$ 783,227	\$ 841,688	\$ (58,461)
Ratio to operating revenues.	7.70	5.50	2.20
Total gross	\$11,097,377	\$13,584,913	(\$2,487,536)
Total deductions	2,035,782	2,428,632	(392,850)
Total operating expenses - Belt Railway - Separate operation	\$ 9,061,595	\$11,156,281	(\$2,094,686)
Ratio to operating revenues.	88.96	72.84	16.12
Operating revenue per car.	\$ 16.824	\$ 15.775	\$ 1.049
Operating expense per car.	\$ 14.968	\$ 11.491	\$ 3.477

CARS HANDLED

Cars Handled by The Belt Railway Company of Chicago in its "Separate Operations"	1968		1967		Increase or (Decrease) Percent
	Number	Percent	Number	Percent	
INTERCHANGE:					
Loaded cars	160,002	26.43	248,136	25.56	(35.52)
Empty cars.	139,885	23.11	205,550	21.17	(31.95)
LOCAL:					
Loaded cars	160,155	26.45	269,859	27.80	(40.65)
Empty cars.	145,368	24.01	247,343	25.47	(41.23)
Total	605,410	100.00	970,888	100.00	(37.64)
TOTAL:					
Loaded cars	320,157	52.88	517,995	53.35	(38.19)
Empty cars.	285,253	47.12	452,893	46.65	(37.02)
Total	605,410	100.00	970,888	100.00	(37.64)
Cars interchanged directly between Owner Roads at Clearing and other yards, being handled by The Belt Railway through those yards.	223,660		350,826		(36.25)
Cars handled by Owner Lines in direct movement over Belt Railway Co. of Chicago.	790,317		704,026		12.26
Total cars handled.	1,619,387		2,025,740		(20.06)

The following statement shows the number of cars handled by The Belt Railway Company of Chicago in its "separate operations" annually during the past five years.

Year	Interchange		Local		Total Cars
	Loaded	Empty	Loaded	Empty	
1964.	259,716	203,479	276,847	253,803	993,845
1965.	251,157	173,723	281,556	258,992	965,428
1966.	256,325	186,403	273,581	245,057	961,366
1967.	248,136	205,550	269,859	247,343	970,888
1968.	160,002	139,885	160,155	145,368	605,410

The following statement shows the number of cars interchanged during the last five years directly between Owner Roads at Clearing and other yards, being handled by The Belt Railway through those yards, also cars handled by Owner Lines in direct movement over The Belt Railway Company of Chicago.

Year	Number of Cars
1964	939,538
1965	988,325
1966	1,031,480
1967	1,054,852
1968	1,013,977

EQUIPMENT OWNED

	Number on Hand Dec. 31 1967	Changes During Year		Number on Hand Dec. 31 1968
		Added	Retired	
Locomotives:				
Diesel.	46	2	3	45
Freight-train Cars:				
Caboose	30	2	2	30
Box	1			1
Total	31	2	2	31
Work Equipment:				
Flat cars	4			4
Gondola cars.	2			2
Truck car	1			1
Refrigerator car.	1			1
Instruction car	1			1
Wrecking derrick.	1			1
Tool car.	1			1
Jet snow blower	1			1
Commissary car.	1			1
Jordan spreader	1			1
Burro crane	1			1
Total	15			15
Miscellaneous Equipment:				
Automobile trucks	22	1		23
Station wagon	1			1
Automobile trailer.	3			3
4 Door sedan.	5	3	2	6
Carryall.	1			1
Total	32	4	2	34

MILEAGE OF TRACK OPERATED

	1968				
	First Main	Second Main	Other Mains	Yard Tracks and Sidings	Total
A - Owned by The Belt Railway Co., Cragin to South Chicago including Clearing Yard	27.16	25.60	-	300.42	353.18
B - Leased from other companies, Chicago, Peoria & Western (Argo) . .	-	-	-	.52	.52
Clearing Industrial District (North)	-	-	-	12.88	12.88
Clearing Industrial District (South)	-	-	-	3.55	3.55
Total	-	-	-	16.95	16.95
C - Operated under trackage rights from other companies					
C. & W.I. R.R. Co.					
80th St. to Pullman Jct.	3.56	3.47	-	.03	7.06
Pullman Jct. to South Deering . .	2.68	2.68	2.54	.38	8.28
South Deering to Burnham	4.76	4.76	.67	3.83	14.02
C.R.I. & P. Ry. - South Chicago . .	-	-	-	1.57	1.57
P.F.W. & C. Ry. - South Chicago . .	-	-	-	.09	.09
I.H.B.R.R. - 55th to Elsdon	1.41	1.40	-	-	2.81
B. & O.C.T.R.R. - Clearing to Proviso	9.05	8.09	-	13.70	30.84
B. & O.C.T.R.R. Southwest Division (Cicero District)	-	-	-	6.08	6.08
N & W Railway - Ford Yd. & Lead . .	-	-	-	1.26	1.26
Calumet Western R.R. - 112th to 116th	.51	-	-	-	.51
Penn Central & I.H.B. R.R. (Joint) 116th to 117th	.11	-	-	-	.11
Chicago, West Pullman & Southern - South Chicago	-	-	-	.09	.09
Chesapeake & Ohio Ry. Burnham	-	-	-	.17	.17
Total	22.08	20.40	3.21	27.20	72.89
Total Miles Operated	49.24	46.00	3.21	344.57	443.02

*Trackage Rights Not Exercised.

YARD TRACKS OWNED BY THE BELT RAILWAY CO. BUT NOT OPERATED

(Not included in above mileage)

Leased To	Location	Miles of Road
C.W.P. & S. R.R.	Warner Branch	1.46
C. & O. Ry. Co.	Rockwell St. Yard	10.91
Total		12.37

TRACAGE RIGHTS GRANTED OTHER COMPANIES

Company	Location	Miles of Road
I.H.B.R.R.	Elsdon Branch	1.51
E.J. & E. Ry.	South Chicago to Mill Gate & South Deering	3.40
Chicago Short Line	South Chicago to South Deering	2.90
Total		7.81

REPORT OF AUDITOR

The statements included in this report have been prepared from records maintained under my supervision and to the best of my knowledge and belief set out the amounts shown in accordance with principles and methods of accounting prescribed or authorized by the Interstate Commerce Commission.

W. J. CASSIDY

Auditor

Chicago, Illinois

March 15, 1969